Form (2)
Sr.No 5496
Dated 4.9.2007

The Myanmar Investment Commission

PERMIT

Permit No. 421/2007 *Date* 4th SEPTEMBER, 2007

The Myanmar Investment Commission issues this Permit under Section 10 of the Union of Myanmar Foreign Investment Law -

(a) Name of Promoter DIRECTOR GENERAL, ENERGY PLANNING DEPARTMENT

(b) Citizenship MYANMAR

(c) Address BUILDING NO.6, NAY PYI TAW, MYANMAR

(d) Name and address of principal organization MINISTRY OF ENERGY BUILDING NO.6, NAY PYI TAW, MYANMAR.

(e) Place of incorporation 6th FLOOR, KAILASH BUILDING, KASTURBA GANDHI MARG, NEW DELHI, 110001. INDIA

(f) Type of business in which investment is to be made CRUDE OIL AND NATURAL GAS EXPLORATION AND PRODUCTION .

(g) Place(s) at which investment is permitted BLOCK AD - 3, RAKHINE OFFSHORE DEEP WATER AREA.

(h) Amount of foreign capital US $ 46.00 MILLION.

(i) Period for bringing in foreign capital 2007 TO 2014

(j) Total amount of capital (Kyat) EQUIVALENT IN KYAT OF US $ 46. 00 MILLION.

(k) Permitted duration of investment 7 YEARS

(l) Name of the economic organization to be formed in Myanmar ONGC VIDESH LIMITED.

Chairman

The Myanmar Investment Commission

ပြည်ထောင်စုမြန်မာနိုင်ငံတော် ရင်းနှီးမြှုပ်နှံမှုကော်မရှင်
၁၄၉၆
ပုံစံ(၂)
နေ့စွဲ ၄.၉.၂၀၀၇

မြန်မာနိုင်ငံ ရင်းနှီးမြှုပ်နှံမှု ကော်မရှင်

ခွင့်ပြုမိန့်

ခွင့်ပြုမိန့်အမှတ် ၄၂၁/၂၀၀၇ ၂၀၀၇ ခုနှစ်၊ စက်တင်ဘာ လ ၄ ရက်

ပြည်ထောင်စု မြန်မာနိုင်ငံတော် နိုင်ငံခြား ရင်းနှီးမြှုပ်နှံမှု ဥပဒေ ပုဒ်မ (၁၀) အရ ဤခွင့်ပြုမိန့်ကို မြန်မာနိုင်ငံ ရင်းနှီးမြှုပ်နှံမှုကော်မရှင်က ထုတ်ပေးလိုက်သည် -

(က) ကမကထပြုသူ၏အမည် ညွှန်ကြားရေးမှူးချုပ်၊ စွမ်းအင်စီမံရေးဦးစီးဌာန

(ခ) မည်သည့်နိုင်ငံသား မြန်မာ

(ဂ) နေရပ်လိပ်စာ ရုံးအမှတ်(၆)၊ နေပြည်တော်

(ဃ) ပင်မအဖွဲ့အစည်းအမည်နှင့်လိပ်စာ စွမ်းအင်ဝန်ကြီးဌာန
ရုံးအမှတ်(၆)၊ နေပြည်တော်

(င) ဖွဲ့စည်းရာအရပ် 6th FLOOR, KAILASH BUILDING ,KASTURBA GANDHI MARG, NEW DELHI 110001, INDIA.

(စ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်မည့်လုပ်ငန်းအမျိုးအစား ရေနံစိမ်းနှင့်သဘာဝဓါတ်ငွေ့ရှာဖွေတူးဖော်ခြင်းနှင့်ထုတ်လုပ်ခြင်းလုပ်ငန်း

(ဆ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်ခွင့်ပြုသည့်အရပ်ဒေသ(များ) လုပ်ကွက်အမှတ် AD-3
ရခိုင်ကမ်းလွန်ရေနက်ပိုင်းဒေသ

(ဇ) နိုင်ငံခြားမတည်ငွေရင်း အမေရိကန်ဒေါ်လာ (၄၆.၀၀) သန်း

(ဈ) နိုင်ငံခြားမတည်ငွေရင်းယူဆောင်လာရမည့်ကာလ ၂၀၀၇ ခုနှစ်မှ ၂၀၁၄ ခုနှစ်အထိ

(ည) စုစုပေါင်းမတည်ငွေရင်းပမာဏ(ကျပ်) အမေရိကန်ဒေါ်လာ (၄၆.၀၀) သန်း နှင့် ညီမျှသော မြန်မာကျပ်ငွေ

(ဋ) ရင်းနှီးမြှုပ်နှံခွင့်ပြုသည့်သက်တမ်း (၇) နှစ်

(ဌ) မြန်မာနိုင်ငံတွင်ဖွဲ့စည်းမည့်စီးပွားရေးအဖွဲ့အစည်းအမည် ONGC VIDESH LIMITED.

ဥက္ကဋ္ဌ
မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

GOVERNMENT OF THE UNION OF MYANMAR

MYANMAR INVESTMENT COMMISSION

Building No.(32), Nay Pyi Taw

Our ref : Ya Ka-1/Na- 593 /2007(5496)
Dated : 4th September 2007

Tel : 067-406334,406075
Fax : 95-67-406333

Subject : Decision of the Myanmar Investment Commission on the Proposal for "Crude Oil and Natural Gas Exploration and Production for Block AD-3" under the name of "ONGC Videsh Limited."

Reference: Ministry of Energy, Letter No. 008/743/Hta-1 dated(17.8.2007).

1. The Myanmar Investment Commission, at its meeting (30/2007) held on (17-8-2007) and the Trade Council, at its meeting (27/2007) held on (22-8-2007), had reviewed the proposals for investment in "Crude Oil and Natural Gas Exploration and Production" for Block AD-3, Rakhine Offshore Deep Water Area under the name of "ONGC Videsh Limited " pursuant to the Production Sharing Contract to be signed between Myanma Oil and Gas Enterprise and ONGC Videsh Limited of India. After careful review, it was deliberated that the proposed project be approved in principle for implementation and the proposal be submitted to the Cabinet meeting for final approval.

2. The Cabinet, at its meeting (26/2007) held on (23 -8 -2007), resolved to permit the implementation of the said project. Hence, the "Permit" is herewith issued in accordance with Chapter VI, Section 10 of the Union of Myanmar Foreign Investment Law and Chapter VI, Rule 13 of the Procedures relating to the said Law. Terms and conditions to the "Permit" are stated in the following paragraphs.

3. The permitted duration of the project shall be an initial term of 20(Twenty) years, comprising 2(Two) years for the study period, 3(Three) years for the exploration period and 2 (Two) years for the extension of the exploration period.

4. ONGC Videsh Limited shall pay royalty to the Government equal to 10%(Ten) percent of the value of Available Petroleum from the Contract Area.

5. ONGC Videsh Limited shall pay to the amount of US $ 2,000,000 (United States Dollars Two Million Only) as Signature Bonus within 20(Twenty) days after entering the exploration period.

6. Production Split between Myanma Oil and Gas Enterprise and ONGC Videsh Limited shall be allocated for Development and Production Area as follows:-

Crude Oil

Water Depth 2000 feet or less

BOPD	MOGE(%)	CONTRACTOR(%)
0 – 25,000	60	40
25001 – 50,000	65	35
50,001 – 100,000	80	20
100,001 – 150,000	85	15
Above 150,000	90	10

Water Depth more than 2000 feet

BOPD	MOGE(%)	CONTRACTOR(%)
0 – 25,000	60	40
25001 – 50,000	65	35
50,001 – 100,000	75	25
100,001 – 150,000	80	20
Above 150,000	85	15

Natural Gas

Water Depth 2000 feet or less

MMCFD	MOGE(%)	CONTRACTOR(%)
0 – 300	65	35
301 – 600	75	25
601 – 900	85	15
Above 900	90	10

Water Depth more than 2000 feet

MMCFD	MOGE(%)	CONTRACTOR(%)
0 - 300	55	45
301 – 600	60	40
601 – 900	65	35
Above 900	70	30

8. ONGC Videsh Limited shall pay Production Bonus to Myanma Oil and Gas Enterprise with respect to each Crude Oil and Natural Gas development and production area as follows:

Production Bonus

Crude Oil

At BOPD	US $(MILLION)
Upon approval of Development Plan	1.00
25,000	2.00
50,000	3.00
100,000	4.00
150,000	5.00
200,000	10.00

Natural Gas

At MMCFD	US $(MILLION)
Upon approval of Development Plan	1.00
150	2.00
300	3.00
600	4.00
750	5.00
900	10.00

9. After the commencement of commercial production of Crude Oil, shall fulfil as its obligation 20%(Twenty) percent of Crude Oil and 25% (Twenty Five) percent of Natural Gas toward the supply of the domestic Crude Oil and Natural Gas market in

Myanmar. Myanma Oil and Gas Enterprise shall pay the price equivalent of 90%(Ninety) percent of the Fair Market Values.

10. ONGC Videsh Limited shall provide Training Fund to the amount of US $ 50,000 (United States Dollars Fifty Thousand Only) per annum for Exploration Period and US $ 100,000(United States Dollars One Hundred Thousand Only) per annum for Development and Production Period shall also provide Research and Development Fund to the amount of 0.5%(Zero Point Five) percent of its share of profit Petroleum in favour of Myanma Oil and Gas Enterprise.

11. ONGC Videsh Limited is liable to pay the Government the following tranches out of the net profit made on the sale or transfer of the shares in the Company.

(a)	If the amount of Net Profit is up to and including US$ 100 million (United States Dollars One Hundred Million Only)	40%
(b)	If the amount of Net Profit is between US$ 100 million and US$ 150 million (United States Dollars One Hundred Million Only and United States Dollars One Hundred and Fifty Million Only)	45%
(c)	If the amount of Net Profit is over US$ 150 million (United States Dollars One Hundred and Fifty Million Only)	50%

12. In issuing this "Permit", the Commission has granted the following exemptions and relieves:

(a) As per Section – 21(e), ONGC Videsh Limited shall have the right to pay income-tax payable to the State on behalf of foreigners who have come from abroad and are employed for the project.

(b) As per Section – 21(f), the Commission has also approved the right to pay income-tax on the income of the above-mentioned foreigners at the rates applicable to the citizens residing within the country.

(c) As per Section -21(i) and (j), exemption from customs duty and all other internal taxes on machinery, equipment, instruments, machinery components, spare parts and materials used in the business, which they are imported as they are actually required, and also on such raw materials imported during the period of exploration.

13. ONGC Videsh Limited shall have to sign the Production Sharing Contract with Myanma Oil and Gas Enterprise. After signing such Agreement, (5) copies each of those shall have to be forwarded to the Commission.

14. ONGC Videsh Limited in consultation with the Department of Company Registration, Directorate of Investment and Company Administration shall have to be registered. After registration, (5) copies each of Certificate of Incorporation and Memorandum and Articles of Association shall have to be forwarded to the Commission.

15. ONGC Videsh Limited shall use its best efforts for timely realization of works stated in the Proposal. If none of such works has been commenced within one year from the date of issue of this "Permit", it shall become null and void.

16. The official date of operation shall be reported to the Commission.

17. ONGC Videsh Limited shall endeavour to meet the targets for Exploration and Production of Petroleum stated in the proposal as the minimum target.

18. The Commission approves periodical appointments of foreign experts and technicians from abroad as per proposal. ONGC Videsh Limited shall have to consult with Directorate of Labour, Ministry of Labour for appointment of such foreign experts and technicians.

19. In order to evaluate foreign capital in terms of Kyats and for the purpose of its registration in accordance with the provision under Section-24 of the Union of Myanmar Foreign Investment Law, it is compulsory to report as early as possible in the following manner:-

(a) the amount of foreign currency brought into Myanmar, attached with the necessary documents issued by the respective bank where the account is opened;

(b) the detailed lists of the type and value of foreign capital defined under Section-2(h) of the said Law, other than foreign currency, to the Chairman, Foreign Capital Evaluation Committee.

20. Whenever brings in foreign capital defined under Section-2(h) of the said Law, other than foreign currency in the manner stated in paragraph 19(b) mentioned above, the Inspection Certificate endorsed and issued by an internationally recognized Inspection Firm with regard to quantity, quality and price of imported materials shall have to be attached.

21. After all types of foreign capital (foreign currency and other types of foreign capital) have been brought into Myanmar, a report shall have to be submitted to the Commission as prescribed, vide letter No. Na-Ya- 9/101/92(416) dated 3-12-92 [Annexure (1)]

22. ONGC Videsh Limited shall report to the Commission of any alteration in the physical and financial plan of the project. Cost over run, over and above the investment amount pledged in both local and foreign currency shall have to be reported as early as possible.

23. ONGC Videsh Limited shall be responsible for the preservation of the environment at and around the area of the project site. Hence, it shall observe the directive issued by the Commission vide letter No. Ya Ka-1/139/94(0440) dated 30-6-94[Annexure(2)] to undertake all proper treatment systems and other necessary environmental control systems.

24. Payment of principal and interest of the loan(if any) as well as payment for import of raw materials and spare parts etc. shall only be made out of the official foreign exchange earnings of ONGC Videsh Limited.

25. ONGC Videsh Limited in consultation with Myanma Insurance, shall effect such types of insurance defined under Chapter VIII, Rule 15 of the Procedures relating to the Union of Myanmar Foreign Investment Law.

(U Thaung)
Chairman

Director General
Energy Planning Department

cc:
1. Office of the Chairman of State Peace and Development Council
2. Office of the State Peace and Development Council
3. Office of the Government of the Union of Myanmar
4. Ministry of National Planning and Economic Development
5. Ministry of Finance and Revenue
6. Ministry of Commerce
7. Ministry of Energy
8. Ministry of Foreign Affairs
9. Ministry of Home Affairs
10. Ministry of Immigration and Population
11. Ministry of Labour
12. Ministry of Electric Power (2)
13. Chairman, Foreign Capital Evaluation Committee
14. Director General, Directorate of Investment and Company Administration
15. Director General, Customs Department
16. Director General, Internal Revenue Department
17. Managing Director, Myanma Oil and Gas Enterprise
18. Managing Director, Myanma Foreign Trade Bank
19. Managing Director, Myanma Investment and Commercial Bank
20. Managing Director, Myanma Insurance
21. Managing Director, Myanma Electric Power Enterprise
22. Director General, Directorate of Trade
23. Director General, Immigration and National Registration Department
24. Director General, Directorate of Labour
25. Chairman, Union of Myanmar Federation of Chambers of Commerce and Industry(UMFCCI)